

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-10 L-03
NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06 ACDA-12
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FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 5906
INFO AMEMBASSY SEOUL
CINCPAC HONOLULU HI
COMUSJAPAN YOKOTA AB JA
SECDEF WASHDC

C O N F I D E N T I A L TOKYO 3740

E.O. 11652: GDS
TAGS: MPOL, ETRD, JA
SUBJECT: GOVERNMENT BURSTS TRIAL BALLOON ON ARMS EXPORT

1. SUMMARY: MAJOR JAPANESE BUSINESS ORGANIZATIONS LAUNCHED TRIAL BALLOON MARCH 3 PROPOSING RELAXATION OF GOJ ARMS-EXPORT EMBARGO TO PERMIT EXPORT OF NON-LETHAL ITEMS. PROPOSAL WAS SHARPLY CRITICIZED BY MEDIA, HOWEVER, AND MITI MINISTER KOMOTO AND PM FUKUDA BOTH EMPHASIZED IN DIET INTERPELLATIONS MARCH 6 THAT THERE WOULD BE NO CHANGE IN GOJ POLICY. END SUMMARY.

2. AT MARCH 3 PRESS CONFERENCE, JAPAN CHAMBER OF COMMERCE AND INDUSTRY (JCCI) PRESIDENT NAGANO STATED THAT JCCI, JOINTLY WITH KEIDANREN AND OTHER BUSINESS ORGANIZATIONS, WOULD PRESS GOJ FOR RELAZATION OF CURRENT STRICT ARMS-EXPORT CONTROLS, SPECIFICALLY IN REGARD TO NON-LETHAL DEFENSE ITEMS. CURRENT JAPANESE SYSTEMS WHICH WOULD BECOME ELIGIBLE FOR EXPORT UNDER SUCH RELAXED CRITERIA WOULD INCLUDE SHIN MEIWA'S US-1 SEAPLANE AND MITSUBISHI HEAVY INDUSTRY'S C-1 MEDIUM
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JET TRANSPORT. COMPANY OFFICIALS HAVE INDICATED THAT INDONESIA AND VARIOUS MID-EASTERN NATIONS HAVE EXPRESSED INTEREST IN THESE SYSTEMS, WHICH INDUSTRY WOULD BE ONLY TOO HAPPY TO ACCOMMODATE.

3. GOVERNMENT AND MEDIA REACTION TO NAGANO PROPOSAL WAS SWIFT. ON MARCH 4 MITI FOREIGN TRADE BUREAU DIRECTOR

NISHIYAMA STATED THAT GOJ WOULD NOT CHANGE ITS ARMS EXPORT POLICY MERELY TO RELIEVE RECESSION-STRICKEN INDUSTRIES. ASAHI, YOMIURI, AND MAINICHI ALL CRITICIZED BUSINESS ORGANIZATION PROPOSALS EDITORIALY MARCH 5-6. FINALLY, IN DIET INTERPELLATIONS AT LOWER HOUSE BUDGET COMMITTEE MEETING MARCH 6 MITI MINISTER KOMOTO AND PM FUKUDA APPLIED COUP DE GRACE TO RELAXATION PROPOSALS IN RESPONDING TO QUESTION BY CGP REPRESENTATIVE OHMI. KOMOTO STATED THAT NO OFFICIAL PROPOSAL HAD BEEN RECEIVED BY MITI, BUT THAT THERE HAD BEEN NO CHANGE WHATSOEVER IN GOJ'S THINKING IN REGARD TO ARMS EXPORTS. PRIME MINISTER THEN ADDED THAT HE UNDERSTOOD VIEWPOINT OF DEPRESSED INDUSTRIES BUT THAT HE HAD NO INTENTION OF EASING EMBARGO.

4. DESPITE KOMOTO STATEMENT THAT NO OFFICIAL PROPOSAL HAD BEEN MADE, MITI AND MFA SOURCES REPORT THAT NAGANO PRESENTED POSITION PAPER ON THIS TOPIC TO KOMOTO WHICH FOCUSED ON DISTRESSED STATE OF SHIPBUILDING INDUSTRY, THIS PROPOSAL HAS NOT YET BEEN PASSED TO WORKING LEVEL IN MITI.

5. COMMENT: EVEN IF EXPORT RESTRICTIONS WERE RELAXED, JAPAN WOULD BE UNLIKELY TO BECOME MAJOR FACTOR IN INTERNATIONAL ARMS TRADE. IT COULD, HOWEVER, SELL SPECIALIZED SYSTEMS SUCH AS US-1, WHICH WOULD NOT COMPETE DIRECTLY WITH MAJOR US OR EUROPEAN SYSTEMS. (C-1 WOULD BE IN CONFIDENTIAL

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DIRECT COMPETITION WITH US C-130 AND CURRENTLY HAS A UNIT COST \$5 MILLION HIGHER.) INDUSTRY IS MOST LIKELY LOOKING TO IMMEDIATE RELIEF IN SHIPBUILDING FIELD AND IN FUTURE AIRCRAFT INDUSTRY, WHERE POTENTIAL OF LARGER MARKET WOULD JUSTIFY MORE DIVERSIFIED R&D AND LARGER CAPITAL INVESTMENT WITH PROMISE OF LOWER UNIT COSTS. EMBASSY SEES INDUSTRY GROUP PROPOSALS AS YET ANOTHER IN RECENT SERIES OF TRIAL BALLOONS BY JAPANESE CONSERVATIVES CONCERNED WITH DEFENSE MATTERS ATTEMPTING TO CAPITALIZE ON PERCEIVED NEW LEVEL OF POLITICAL ACCEPTABILITY OF JAPANESE DEFENSE EFFORTS. GOJ REACTION INDICATES INDUSTRY PERCEPTIONS ARE AHEAD OF THE GAME.
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Message Attributes

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